

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

WS-04235A
Utility Source, L.L.C.
721 E. San Pedro
Gilbert, AZ 85234

U

RECEIVED

MAY 16 2005

AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN05	04
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COMPANY INFORMATION

Company Name (Business Name) <u>Utility Source, L.L.C.</u>		
Mailing Address <u>721 E. San Pedro</u>		
<u>Gilbert</u> (City)	<u>Arizona</u> (State)	<u>85234</u> (Zip)
<u>(480) 892-8756</u> Telephone No. (Include Area Code)	<u>(480) 892-3387</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>saa</u>		
 (Street)		
 (City)	 (State)	 (Zip)
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>Pat Carpenter</u> <u>A Quality Water</u>			
 (Name)		 (Title)	
<u>2879 S. Andrews</u> (Street)	<u>Williams</u> (City)	<u>Arizona</u> (State)	<u>86046</u> (Zip)
<u>(928) 606-0498</u> Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>saa</u>			
 (Name)			
 (Street)	 (City)	 (State)	 (Zip)
 Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Sallquist & Drummond, P.C. Richard L. Sallquist
(Name)

2525 E. Arizona Biltmore Circle #A117 Phoenix Arizona 85016
(Street) (City) (State) (Zip)

(602) 224-9222
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: saa
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input checked="" type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input checked="" type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME Utility Source, L.L.C.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force			
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers			
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells			
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment			
390	Office Furniture and Equipment			
391	Transportation Equipment			
393	Tools, Shop and Garage Equip.			
394	Laboratory Equipment			
395	Power Operated Equipment			
398	Other Tangible Plant			
	TOTALS			

This amount goes on the Balance Sheet Acct. No. 108 

The wastewater assets were not transferred to Utility Source, L.L.C. until 2005. However, please see the attached summary of Estimated Cost Schedule which summarizes the pro-forma assets. 4

UTILITY SOURCE, L.L.C.

ESTIMATED COST (WASTEWATER)

NARUC

Account

No.

Item Description

Quantity Unit Unit Price

Sub-Total

Engineering @10% Contingencies @5%

Total

BACKBONE FACILITIES

301	Organization	1	ls	\$0	\$0	\$0	\$0	\$0
302	Franchise Cost	1	ls	\$0	\$0	\$0	\$0	\$0
303	Land and Land Rights	1	ls	\$100,000	\$100,000	\$5,000	\$105,000	\$0
354	Treatment Plant Building	1	ls	\$28,000	\$28,000	\$1,400	\$32,200	\$0
354	Perimeter Fencing	1	ls	\$21,000	\$21,000	\$1,050	\$24,150	\$0
355	Emergency Generator	1	ls	\$28,000	\$28,000	\$1,400	\$32,200	\$0
361	Lift Stations	2	ea	\$32,000	\$64,000	\$3,200	\$73,600	\$0
361	4" Force Main	1	ls	\$58,000	\$58,000	\$2,900	\$66,700	\$0
367	Flow Measuring Device	1	ls	\$3,000	\$3,000	\$150	\$3,450	\$0
370	Reinforced Concrete Pads	1	ls	\$0	\$0	\$0	\$0	\$0
370	Dist Box/Headworks/Barscreen/Washdown/Misc	1	ls	\$0	\$0	\$0	\$0	\$0
380	Treatment Plant No.1	37,500	GPD	\$7.73	\$290,000	\$29,000	\$14,500	\$333,500
380	Treatment Plant No.2	100,000	GPD	\$4.75	\$475,395	\$47,540	\$23,770	\$546,704
380	Site Grading	1	ls	\$0	\$0	\$0	\$0	\$0
380	Evaporative Lagoons	1	ls	\$140,000	\$140,000	\$7,000	\$161,000	\$0
380	Power to Site	1	ls	\$14,000	\$14,000	\$700	\$16,100	\$0
380	Chemical Feeder	1	ls	\$0	\$0	\$0	\$0	\$0
381	Plant Piping and Valves	1	ls	\$0	\$0	\$0	\$0	\$0
394	Laboratory Equipment	1	ls	\$0	\$0	\$0	\$0	\$0
397	Other Plant and Miscellaneous Equipment	1	ls	\$0	\$0	\$0	\$0	\$0
	Total Backbone Facilities				\$1,221,395	\$112,140	\$61,070	\$1,394,604

ON-SITE FACILITIES

361	8" Sewer Line	1	ls	\$88,000	\$88,000	\$8,800	\$4,400	\$101,200
361	Manholes	8	ea	\$2,000	\$16,000	\$1,600	\$800	\$18,400
363	Sewer to Lots	150	ea.	\$350	\$52,500	\$5,250	\$2,625	\$60,375
	Total On-site Facilities				\$156,500	\$15,650	\$7,825	\$179,975

WASTEWATER SYSTEM TOTAL

\$1,377,895	\$127,790	\$68,895	\$1,574,579
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WV ENG COST

SCHEDULE 9

COMPANY NAME Utility Source, L.L.C.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

The wastewater assets were not transferred to Utility Source, L.L.C. until 2005.
However, please see the attached Wastewater Depreciation Schedule.

UTILITY SOURCE, L.L.C.

WASTEWATER DEPRECIATION EXPENSE

Account Number	Description	Plant in Service	Staff Recommended Rates	Annual Depreciation Expense
301	Organization			
302	Franchise Cost			
303	Land and Land Rights	\$105,000		\$0
354	Structures and Improvements	\$56,350	3.33%	\$1,876
355	Power Generation Equipment	\$32,200	5.00%	\$1,610
361	Collection Sewers	\$259,900	2.00%	\$5,198
363	Services to Customers	\$179,975	2.00%	\$3,600
367	Reuse Meters & Meter Installations	\$0	8.33%	\$0
370	Receiving Wells	\$0	3.33%	\$0
380	Treatment & Disposal Equipment	\$1,057,304	5.00%	\$52,865
381	Plant Sewers	\$0	5.00%	\$0
394	Laboratory Equipment	\$0	10.00%	\$0
397	Miscellaneous Equipment	\$0	10.00%	\$0
Totals		\$1,690,729	3.85%	\$65,149

WW Depreciation
SCHEDULE 3

Page 2 of 2

COMPANY NAME Utility Source, L.L.C.

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$	\$
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$	\$
	TOTAL ASSETS	\$	\$

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

The wastewater assets were not transferred to Utility Source, L.L.C. until 2005. However, please see the attached Pro-forma Balance Sheet.

COMPANY NAME Utility Source, L.L.C.

BALANCE SHEET (CONTINUED)

Acct No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
252	Advances in Aid of Construction	\$	\$
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$	\$
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Other Paid in Capital		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$
	TOTAL LIABILITIES AND CAPITAL	\$	\$

UTILITY SOURCE, L.L.C.

PROFORMA BALANCE SHEET

	End 2005	Year Two	Year Three	Year Four	Year Five
ASSETS					
Cash	(\$995)	\$36,984	\$32,589	\$33,994	\$16,684
Water Land	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000
Production & Storage Plant in Service	\$2,467,900	\$3,123,400	\$3,298,400	\$3,473,400	\$4,123,400
Less: Accumulated Depreciation	(\$91,296)	(\$190,622)	(\$295,913)	(\$407,170)	(\$540,588)
Wastewater Land	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000
Wastewater Plant/ Collection Plant in Service	\$1,469,579	\$1,633,979	\$1,753,979	\$1,903,979	\$2,503,979
Less: Accumulated Depreciation	(\$65,149)	(\$128,112)	(\$195,698)	(\$269,064)	(\$365,551)
Net Plant in Service	\$4,096,034	\$4,753,646	\$4,875,768	\$5,016,144	\$6,036,240
Hook-Up Fee Reserves					
Total Reserve Balance	\$602,000	\$535,600	\$815,600	\$1,095,600	\$475,600
TOTAL ASSETS	\$4,697,039	\$5,326,230	\$5,723,958	\$6,145,738	\$6,528,525
LIABILITIES					
Current Liabilities:					
Current Liabilities	\$0	\$0	\$0	\$0	\$0
Deferred Credits:					
Water Advances	\$267,950	\$473,450	\$648,450	\$823,450	\$1,023,450
Less: Cumulative Refunds	\$0	\$0	\$0	\$0	\$0
Net Water Advances	\$267,950	\$473,450	\$648,450	\$823,450	\$1,023,450
Wastewater Advances	\$179,975	\$344,375	\$464,375	\$614,375	\$764,375
Less: Cumulative Refunds	\$0	\$0	\$0	\$0	\$0
Net Wastewater Advances	\$179,975	\$344,375	\$464,375	\$614,375	\$764,375
Contributions:					
Water HUF's	\$215,000	\$352,000	\$452,000	\$552,000	\$652,000
Wastewater HUF's	\$387,000	\$633,600	\$813,600	\$993,600	\$1,173,600
Total Deferred Credits	\$1,049,925	\$1,803,425	\$2,378,425	\$2,983,425	\$3,613,425
CAPITAL					
Common Stock Issued	\$3,202,554	\$3,202,554	\$3,202,554	\$3,202,554	\$3,202,554
Long Term Debt		\$0	\$0	\$0	\$0
Less: Repayment		\$0	\$0	\$0	\$0
Balance	\$0	\$0	\$0	\$0	\$0
Retained Earnings	(\$130,440)	(\$254,749)	(\$382,021)	(\$515,241)	(\$687,454)
Working Capital Loan	\$575,000	\$575,000	\$525,000	\$475,000	\$400,000
Total Capital	\$3,647,114	\$3,522,805	\$3,345,533	\$3,162,313	\$2,915,100
TOTAL LIABILITIES & CAPITAL	\$4,697,039	\$5,326,230	\$5,723,958	\$6,145,738	\$6,528,525

Balance Sheet
SCHEDULE 6

COMPANY NAME

Utility Source, L.L.C.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
521	Flat Rate Revenues	\$	\$ 28,030.70
522	Measured Revenues		
536	Other Wastewater Revenues		
	TOTAL REVENUES	\$	\$ 28,030.70
	OPERATING EXPENSES		
701	Salaries and Wages	\$	\$
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power		18,047.18
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies		4,425.00
731	Contractual Services -- Professional		21,272.00
735	Contractual Services -- Testing		
736	Contractual Services -- Other		
740	Rents		
750	Transportation Expense		
755	Insurance Expense		
765	Regulatory Commission Expense		
775	Miscellaneous Expense		369.02
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Taxes		
	TOTAL OPERATING EXPENSES	\$	\$ 44,113.20
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/EXPENSE	\$	\$ 0.00
	NET INCOME/(LOSS)	\$	\$ (16,082.50)

COMPANY NAME Utility Source, L.L.C.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

COMPANY NAME	Utility Source, L.L.C.
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WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	
DESIGN CAPACITY OF PLANT (Gallons Per Day)	

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)

FORCE MAINS

Size	Material	Length (Feet)
4-inch		
6-inch		

MANHOLES

Type	Quantity
Standard	
Drop	

CLEANOUTS

Quantity

COMPANY NAME Utility Source, L.L.C.

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS

Size (in inches)	Material	Length (in feet)
4		
6		
8		
10		
12		
15		
18		
21		
24		
30		

SERVICES

Size (in inches)	Material	Quantity
4		
6		
8		
12		
15		

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

SOLIDS PROCESSING AND HANDLING FACILITIES	
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	
STRUCTURES (Buildings, Fences, Etc.)	
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	

COMPANY NAME

Utility Source, L.L.C.

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
January	87	558,000	22,000
February	91	522,000	24,000
March	96	620,000	28,000
April	116	600,000	25,000
May	126	713,000	34,000
June	151	780,000	34,000
July	173	837,000	33,000
August	162	837,000	33,000
September	174	810,000	38,000
October	183	930,000	38,000
November	231	990,000	44,000
December	231	1,209,000	57,000

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Surface Water Discharge
Wastewater Inventory Number (all wastewater systems are assigned an inventory number)	N/A
Groundwater Permit Number	N/A
ADEQ Aquifer Protection Permit Number	104083
ADEQ Reuse Permit Number	N/A
EPA NPDES Permit Number	AZ024708

STATISTICAL INFORMATION

Total number of customers 231

Total number of gallons treated 8,577,370 gallons

COMPANY NAME Utility Source, L.L.C. YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported Not Applicable
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

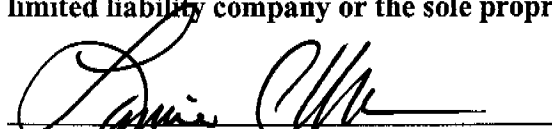
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

5-16-05
DATE

Lonnie McCleve
PRINTED NAME

Managing Member
TITLE

COMPANY NAME Utility Source, L.L.C. YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ -0-

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. The wastewater assets, including real property,

were not transferred to Utility Source, L.L.C. until 2005. Property tax was

not applicable for the year 2004.

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

MAY 16 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Coconino
NAME (OWNER OR OFFICIAL) TITLE
Lonnie McCleve Managing Member
COMPANY NAME
Utility Source, L.L.C.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 28,030.70

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ -0-
IN SALES TAXES BILLED, OR COLLECTED)

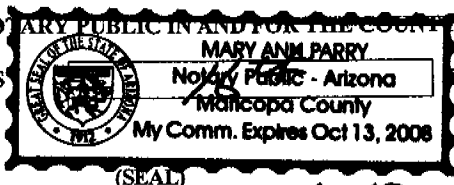
**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)


SIGNATURE OF OWNER OR OFFICIAL
480-892-8756
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

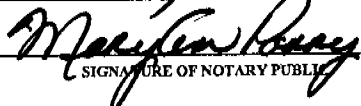
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME
Maricopa
MONTH
MAY, 2005


SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

10-13-05

RECEIVED

MAY 16 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Coconino</u>	
NAME (OWNER OR OFFICIAL) <u>Lonnie McCleve</u>	TITLE <u>Managing Member</u>
COMPANY NAME <u>Utility Source, L.L.C.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2004</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 21,096.69

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ -0-

IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Lonnie McCleve
SIGNATURE OF OWNER OR OFFICIAL

480-892-8756
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



MY COMMISSION EXPIRES

DAY OF

NOTARY PUBLIC NAME	<u>MARY ANN PARRY</u>	
COUNTY NAME	<u>MARICOPA</u>	
MONTH	<u>MAY</u>	<u>2005</u>

X Mary Ann Parry
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**